

Working Paper #6

Tacoma Narrows Bridge Analysis: Framework, Methodology, and Scenarios

This contract has a separate and distinct task of addressing specific policy issues related to tolling on the Tacoma Narrows Bridge (TNB). Since the TNB is the first new toll facility to be implemented in Washington State, issues that have been raised on that project will provide insight into issues that might arise statewide.

Study Framework and Methodology

The legislation (ESSB 6091, Section 206, (1) (a)) mandating this study, specifically states:

“(a) The study must include an analysis of the only currently authorized toll facility, the Tacoma Narrows Bridge project. The study findings must include (i) the development of more uniform and equitable policies regarding the distribution of financial obligations imposed on those paying the tolls on the Tacoma Narrows Bridge, and (ii) opportunities and options for reducing the outstanding indebtedness on the bridge project, including the possibility of buy-downs and other means of spreading the cost of the project more equitably.”

From discussions with Commission and Washington State Department of Transportation (WSDOT) staff, as well as discussion at the September 20, 2005 Commission meeting, we understand that the motivation behind this directive is to consider policies to reduce the amount of project funding paid directly by TNB users. To undertake this analysis, we will:

1. Describe the SR 16/Tacoma Narrows Bridge new construction project financing, based on official documentation and Washington statutes. This analysis will consider the underlying financial arrangements, payback mechanisms, and guarantees.
2. Describe the current toll policy projected in the TNB Financial Plan and the rationale for the projected toll rates. This will involve a review of available documents and discussions with those responsible for the toll policy.
3. Describe a few alternatives for toll setting on TNB to achieve the objective of reduced financial responsibility borne by toll payers.

4. Evaluate the alternatives identified in Item 3, from the following perspective:
 - a. Describe the proposed alternative.
 - b. Quantify or describe the assumptions used to form the alternatives.
 - c. Develop an approach to how an alternative could be carried out in a practical sense. This might include toll collection mechanisms and fiscal considerations. As part of this, we will identify the strengths and weaknesses of each alternative.
5. Consider the results of the analysis in Item 4 from the perspective of statewide tolling policy.

This framework will then give the Commission and the Legislature the information with which to make informed policy choices on this issue.

Equity and Uniformity

At the heart of this task is the directive for “the development of more uniform and equitable policies regarding the distribution of financial obligations imposed on those paying the tolls on the Tacoma Narrows Bridge”. In order to carry out this task, it is important to lay out our understanding about the meaning of the key words “*more uniform and equitable*”.

The implication of these words is that the legislature may consider the current policies to be less uniform and equitable than desired. Based on our understanding of the criticism of the current policy, we understand the concerns to be as follows:

- The Tacoma Narrows Bridge will be the only toll facility in Washington, and tolls pay for almost 100 percent of the new span.¹
- There are other high-value/high cost facilities in the State that are not tolled.
- Although there are tolls on the ferries, the cost of operating the ferries is subsidized by fuel tax revenue, and the cost of buying ferries is entirely subsidized by fuel tax revenue.
- Therefore, users of the Tacoma Narrows Bridge have been singled out for special treatment, in that they have to pay tolls, while users of other facilities do not. This

¹ WSDOT indicates that there are significant portions of the SR 16/Tacoma Narrows Bridge projects that are paid for by tax revenues; therefore, the project is not 100 percent paid for from tolls. However, this does not change the fact that Tacoma Narrows is currently the only toll project in the State.

is the source of the characterization of the tolls on the Tacoma Narrows Bridge as less uniform and equitable.

In seeking a more uniform and equitable policy, it is important to understand two constraints:

1. The financial plan for the Tacoma Narrows Bridge relies on toll collections to reimburse the motor vehicle fuel tax fund. Any change in the toll policy would require a change in the financial plan for the Tacoma Narrows Bridge.
2. Few revenue collection policies are perfectly uniform and equitable.

In exploring potential ways to make the toll policy more uniform and equitable, we will explore two types of approaches:

1. Various ways of reducing the toll amount to users of the Tacoma Narrows Bridge; and
2. Various ways of expanding the use of tolls around the State.

Scenarios to Explore Policy Options

Based on what we have heard regarding the intent of this task, we suggest the following policy scenarios would be appropriate for analysis:

1. **Reduced toll for frequent users.** Assume that frequent users would be given a reduced toll based on number of trips. For example, the toll for the first 20 trips per month would be \$3.00 each. From the 21st to the 40th trip, the toll would be \$2.50, with increasing discounts down to a base amount.
2. **Discounts for specific groups such as seniors or students.** This would require operations changes and/or eligibility verification. We will assume a discounted toll of \$2.50.
3. **Buying down the toll amount for everyone.** This would require additional subsidies from other sources of funds, such as the motor vehicle fund to allow the toll to be reduced. We will use a toll of \$2.00 for illustrative purposes.
4. **Subsidizing the toll during the later years of operations.** This would involve looking into what it would take to keep tolls constant at \$3.00 or \$4.00, rather than escalating the toll over time.
5. **Considering policies to expand the use of tolls around the State.** This is the subject of the Comprehensive Tolling Study, the results of which will be incorporated into this special analysis of Tacoma Narrows Bridge tolls.

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